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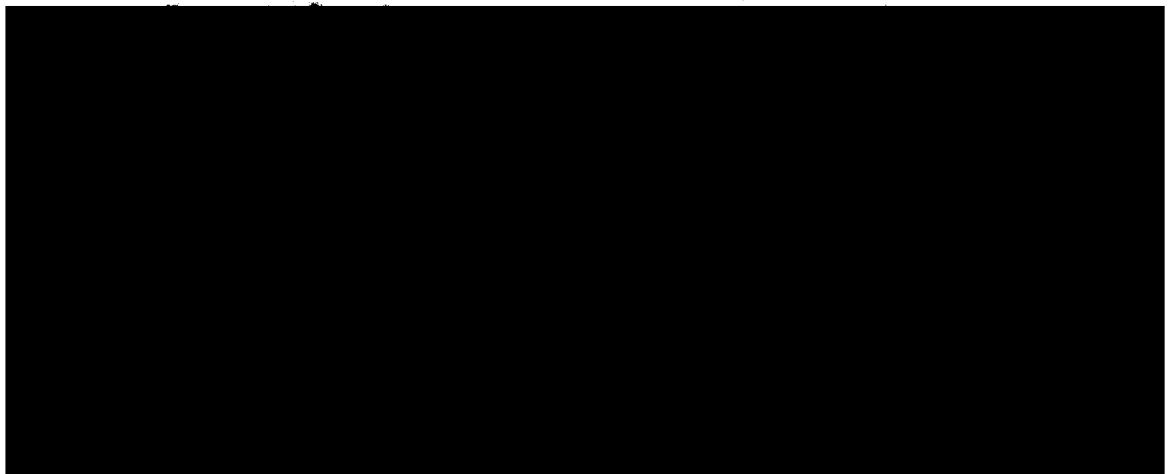
29 February 1956

MEMORANDUM FOR THE RECORD

SUBJECT : Trip Report of [REDACTED] to Eastman Kodak Company,
Camera Works, Rochester, New York

PURPOSE : To Complete Negotiations Leading to Definitizing Letter
Contracts Numbers EQ-1806, FM-95, PO-660 and EP-1051.

1. The undersigned visited the plant of Eastman Kodak Company on 23 February 1956 to further and/or complete negotiations leading to the preparation of definitive contracts to supersede the above outstanding letter contracts. The specific matter discussed, persons contacted and conclusions reached are as follows:



NOTE: The contractor's comments regarding the proposed payment plan were discussed with [REDACTED] on 24 February 1956. Ted pointed out that since we have certain other associated contractors covered by the plan, internal knowledge that AQUACONE funds are being paid to Eastman Kodak Company would not disclose the nature of the overall project to unwitting personnel. Accordingly, he approved the use of Government checks payable directly to Eastman Kodak Company for this purpose.

DOCUMENT NO. 444
NO CHANGE IN CLASS.
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NEXT REVIEW DATE: 2011

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DATE: 08/20/01 REVIEWER: 019356

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b. Continued Negotiations of Contract No. EQ-1806. Complete agreement was reached as to format of the definitive contract with Messrs.

This contract will contain a Form IV Price Redetermination clause setting forth separate ceiling prices for Schedule I and II. In view of the large increases in prices of Schedule I items over the prices stated in Amendment Number 3 to Letter Contract, further consideration must be given these items prior to writing the definitive contract. The contractor contends that the increases are necessary to obtain equipment of the highest quality required for the project work. The revised prices and those set forth in Amendment No. 3 are listed below for comparison:

SCHEDULE I: STANDARD AND SPECIALIZED PROCESSING PLANT ITEMS:

<u>Item No.</u>	<u>Description</u>	<u>Quantity</u>	<u>Amendment 3 Price</u>	<u>Revised Price</u>
1	70 MM Continuous Film Processor	4	\$59,000	\$110,431
2	70 MM Continuous Film Printer	4	18,000	18,612
3	20" Continuous Paper Processor	1	30,600	37,224
4	9 1/2" Step and Repeat Printer	1	43,000	43,428
5	9 1/2" Continuous Film Processor	2	56,500	75,068
6	9 1/2" Continuous Paper Processor	1	18,400	17,992
7	9 1/2" Continuous Contact Printer	1	61,300	62,040
8	Infra-red Converter	4	3,800	5,087
9	Special 70 MM Printer	1	73,500	74,448
10	General Plant Equipment	-	57,000	77,612
11	Equipment Installation	-	50,000	104,251
	Engineering and Design of a cut Sheet 9 1/2" S&R Printer initially priced at \$10,000 but cancelled at 2,482 cost.			2,482
			\$571,500	\$678,675

MINICARD ITEMS

12	Minicard Camera - P-1	1	43,000	43,000
13	Camera, Graphic Index and Document	1	30,600	30,601
14	Processor	1	13,500	17,371
15	Cutter	1	3,100	6,204
16	Duplicator (sophisticated)	1	149,100	194,806
17	Filing Sorter	1	60,000	70,726
18	Enlarger, Air Photo	1	8,400	37,224
19	Viewer	5	56,000	53,354
20	Fluorowriters	5	18,400	19,232
21	Miscellaneous Minicard Equipment	-	19,000	23,575
22	Systems Engineerings	-	12,300	Deleted
	Paper Processor		(new item)	12,408
	Inspection Viewer		(new item)	3,722
			\$571,500	\$512,223
				\$1,190,898

Estimated Price - Amendment Number 3	\$ 894,900
Revised Estimated Price	<u>1192,120</u>
Total Increased Price	\$ 297,220

Upon agreement as to price of Schedule I item this contract will be written for review and acceptance by the contractor.

c. Final Negotiations of Contract EM-95 - Complete agreement was reached as to format of the definitive contract with [REDACTED] 25X1A
The contract is to provide that allowable costs shall be: costs recognized under ASPE XV, Section 2; Direct Labor on average rates and Overhead on burden center rates negotiated by Navy. Withholding under the contract shall be the prescribed 15% of fixed fee after payment of 85% of the fee. This contract will be drafted and forwarded to the contractor for review and approval.

d. Continued Negotiations of Contract PQ-660. Eastman Kodak Company agreed that the use of a Time and Material type of contract is most suitable for operation of the processing plant. Eastman Kodak Company concurred that material should be billed at their invoiced cost; however, they felt that since their proposal was based on a CPFF contract which included a fee on material costs, that they should be allowed a greater profit (percentage wise) if based solely on labor. The contractor will submit a revised proposal for this work through 30 June 1956. The proposal will specify a ceiling amount.

e. Continued Negotiations of Contract No. EP-1054. Eastman Kodak Company will prepare and submit a proposal for supplying film as to types, footage, etc., in the near future. The contractor contended that it cannot accept a price redetermination type contract on supply type items and that the definitive contract must therefore be a firm unit price agreement. [REDACTED] agreed that their proposal would be adequately documented to justify prices to be quoted.

2. Other relevant information was developed as follows:

b. Overhead applied to fixed-price agreements subject to price redetermination will be actual and not negotiated rates. The negotiated rates apply only to CPFF work.

Distribution:

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